

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF THE WESTERN ROCKCASTLE)	
WATER ASSOCIATION FOR A CERTIFICATE OF)	CASE NO.
PUBLIC CONVENIENCE AND NECESSITY AUTHORIZING)	92-319
IT TO IMPROVE ITS WATER TRANSMISSION SYSTEM)	

O R D E R

On August 3, 1992, Western Rockcastle Water Association, Inc. ("Western Rockcastle") filed an application for a Certificate of Public Convenience and Necessity to construct a \$747,855 waterworks improvement project, for approval of its plan of financing for this project, and for adjustments to its water service rates. This project will make improvements to the existing water system. Project funding includes a \$368,618 loan from the Kentucky Infrastructure Authority ("KIA"), \$249,237 Community Development Block Grant ("CDBG") from the U.S. Department of Housing and Urban Development ("HUD"), a \$110,000 grant from the Appalachian Regional Commission ("ARC"), and \$20,000 in Western Rockcastle funds. The loan will be for a 20-year period at an interest rate of 2.95 percent per annum.

Western Rockcastle's application was made pursuant to KRS 278.023, which requires the Commission to accept agreements between water associations and HUD and to issue the necessary orders to implement the terms of such agreements within 30 days of satisfactory completion of the minimum filing requirements. Given that minimum filing requirements for the requested construction that is

to be funded in part under the terms of a CBDG from HUD were met in this case on August 17, 1992, KRS 278.023 does not grant the Commission any discretionary authority to modify or reject any portion of this agreement. However, the agreement between Western Rockcastle and HUD does not mandate a specific rate. Western Rockcastle's requested increase in rates is a provision of its agreement with KIA. Since the KIA and ARC loans are not agreements specified in KRS 278.023, the requirements of KRS 278.023 do not apply to Western Rockcastle's requested rate increase or requested approval of the proposed KIA loan and ARC loan. The Commission does have the authority to review the KIA loan agreement and the ARC loan agreement pursuant to KRS 278.300. Western Rockcastle's request for rate increase must also be reviewed by the Commission pursuant to KRS 278.180.

The Commission has examined Western Rockcastle's test-period operations and proposed adjustments and finds that the proposed revenue increase of \$33,295 should be allowed. The rates proposed by Western Rockcastle are fair, just, and reasonable.

The financing plan proposed by Western Rockcastle is for lawful objects within the corporate purpose of its utility operations, is necessary and appropriate for and consistent with the proper performance of the utility's service to the public and will not impair its ability to perform that service, and is reasonably necessary and appropriate for such purpose. It should, therefore, be approved.

IT IS THEREFORE ORDERED that:

1. Western Rockcastle is hereby granted a Certificate of Public Convenience and Necessity for the proposed construction project.

2. Western Rockcastle's proposed plan of financing is accepted.

3. Western Rockcastle shall file a copy of the "as-built" drawings and a certified statement that the construction has been satisfactorily completed in accordance with the contract plans and specifications within 60 days of the substantial completion of the construction certificated herein.

4. The rates set out in Appendix A, which is attached hereto and incorporated herein, are the rates approved for service rendered on and after the date of this Order.

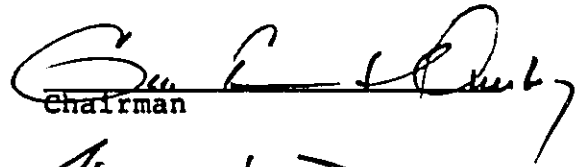
5. Western Rockcastle shall submit its revised tariff setting out the rates in Appendix A within 30 days of the date of this Order.

6. Western Rockcastle shall monitor the adequacies of the expanded water distribution system after construction. If the level of service is inadequate or declining or the pressure to any customer falls outside the requirements of 807 KAR 5:066, Section 5(1), Western Rockcastle shall take immediate action to bring the system into compliance with Commission regulations.

Nothing contained herein shall be deemed a warranty of the Commonwealth of Kentucky, or any agency thereof, of the financing herein accepted.

Done at Frankfort, Kentucky, this 10th day of September, 1992.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 92-319 DATED September 10, 1992.

The following rates and charges are prescribed for the customers in the area served by Western Rockcastle Water District. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the effective date of this Order.

Monthly: Rates

5/8 Inch x 3/4 Inch Meters

First 2,000 gallons	\$10.50 Minimum Bill
Next 3,000 gallons	4.50 per 1,000 gallons
Next 5,000 gallons	3.50 per 1,000 gallons
Next 40,000 gallons	2.25 per 1,000 gallons
Over 50,000 gallons	1.75 per 1,000 gallons

1 Inch Meters

First 5,000 gallons	\$24.00 Minimum Bill
Next 5,000 gallons	3.50 per 1,000 gallons
Next 40,000 gallons	2.25 per 1,000 gallons
Over 50,000 gallons	1.75 per 1,000 gallons

1 1/2 Inch Meters

First 10,000 gallons	\$41.50 Minimum Bill
Next 40,000 gallons	2.25 per 1,000 gallons
Over 50,000 gallons	1.75 per 1,000 gallons

2 Inch Meters

First 16,000 gallons	\$55.00 Minimum Bill
Next 34,000 gallons	2.25 per 1,000 gallons
Over 50,000 gallons	1.75 per 1,000 gallons